



EXECUTIVE OFFICE OF THE PRESIDENT
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OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

June 14, 1976

OLC 76-1718

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LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer
Department of Defense
Department of State
Department of the Treasury
Department of Commerce
Department of the Interior
Department of Agriculture
Energy Research and Development Administration
Nuclear Regulatory Commission
Central Intelligence Agency
National Security Council
Council on International Economic Policy

SUBJECT: Draft GSA report to represent the Administration's position on H.R. 10526, Congressman's Bennett's bill "To amend the Strategic and Critical Materials Stock Piling Act in order to establish a fund which shall be used for the procurement of, and the carrying out of other functions related to, such materials."

The Office of Management and Budget requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

A response to this request for your views is needed no later than Noon Friday, June 18, 1976.

Questions should be referred to Ann Hammill (395-6156) or to James MacRae (395-4874), the legislative analyst in this office.

Bernard H. Martin for
Assistant Director for
Legislative Reference

Enclosures

cc: Joanneret, EG/Howard, NSPD/Currie, OFPP/Greene, BRD/DuSault
bc

Comments on H. R. 10526

The Administration has reviewed the proposal contained in H.R. 10526 and is in general agreement with the intent to establish a linkage between stockpile acquisitions and disposals. We believe, however, that this linkage can better be implemented in another way. We would like to offer an alternative which we could support and believe provides the statutory linkage desired while maintaining the fiscal flexibility necessary to support a strong stockpile program.

As the result of the recent interagency re-evaluation of stockpile policy and planning procedures, the Administration will annually review stockpile goals for each material and then develop a material program for the pending fiscal year. This program plan will be designed so that stockpile goals will be reached in an orderly fashion in line with existing market and budget constraints and stockpile priorities. The program plan which will be incorporated into the annual budget submission, will include any required acquisitions and disposals actions.

The mechanism just described is procedural in nature--there is no statutory basis which requires the Administration to continue to maintain such a linkage between acquisitions and disposals. Accordingly, we would support an action which amends Section 4 of the Strategic and Critical Materials Stock Piling Act so that it would require an annual plan to be submitted to the Armed Services Committees detailing the anticipated materials program for the coming fiscal year, as well as the status of the program for the current fiscal year. The program shall specify the proposed acquisitions and disposals on a material-by-material basis.